

AMENDED IN SENATE AUGUST 13, 2008  
AMENDED IN SENATE AUGUST 4, 2008  
AMENDED IN SENATE JUNE 18, 2008  
AMENDED IN ASSEMBLY APRIL 21, 2008  
AMENDED IN ASSEMBLY APRIL 8, 2008  
AMENDED IN ASSEMBLY MARCH 28, 2008

CALIFORNIA LEGISLATURE—2007–08 REGULAR SESSION

## **ASSEMBLY BILL**

**No. 2291**

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**Introduced by Assembly Member Mendoza**

February 21, 2008

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An act to add and repeal Article 5.7 (commencing with Section 18755) of Chapter 3 of Part 10.2 of Division 2 of the Revenue and Taxation Code, relating to taxation.

### LEGISLATIVE COUNSEL'S DIGEST

AB 2291, as amended, Mendoza. Taxpayer contributions: Municipal Shelter Spay-Neuter Fund.

Existing law, relating to the administration of personal income taxes, authorizes individual taxpayers to contribute amounts in excess of their tax liability for the support of specified funds or accounts.

This bill would allow taxpayers to designate on their tax returns that a specified amount in excess of their tax liability be transferred to the Municipal Shelter Spay-Neuter Fund, which would be created by this bill. However, the bill would provide that a voluntary contribution designation for this fund may not be added on the tax return until another voluntary contribution designation is removed from the return.

This bill would provide that all money contributed to the fund pursuant to these provisions, upon appropriation by the Legislature, be allocated to the Franchise Tax Board and the Controller for reimbursement of costs, as provided, and to the Department of Food and Agriculture for distribution of grants to eligible municipal shelters on a first-come-first-served basis, as specified, for the purposes of providing low cost or free spay-neuter services and for administrative costs. This bill would require eligible municipal shelters, *as defined*, in order to receive a grant, to file an application with the Department of Food and Agriculture, as specified.

This bill would provide that these voluntary contribution provisions are repealed on either January 1 of the 5th taxable year following the taxable year the fund first appears on the personal income tax return, or on January 1 of an earlier calendar year, if the Franchise Tax Board estimates that the annual contribution amount will be less than \$250,000, or an adjusted amount for subsequent taxable years.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Article 5.7 (commencing with Section 18755) is  
2 added to Chapter 3 of Part 10.2 of Division 2 of the Revenue and  
3 Taxation Code, to read:

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5 Article 5.7. Municipal Shelter Spay-Neuter Fund

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7 18755. (a) An individual may designate on the tax return that  
8 a contribution in excess of the tax liability, if any, be made to the  
9 Municipal Shelter Spay-Neuter Fund established by Section  
10 18755.1. That designation is to be used as a voluntary contribution  
11 on the tax return.

12 (b) The contributions shall be in full dollar amounts and may  
13 be made individually by each signatory on a joint return.

14 (c) A designation shall be made for any taxable year on the  
15 initial return for that taxable year and once made is irrevocable. If  
16 payments and credits reported on the return, together with any  
17 other credits associated with the taxpayer's account, do not exceed  
18 the taxpayer's liability, the return shall be treated as though no  
19 designation has been made.

(d) If an individual designates a contribution to more than one account or fund listed on the tax return, and the amount available is insufficient to satisfy the total amount designated, the contribution shall be allocated among the designees on a pro rata basis.

(e) When another voluntary contribution designation is removed from the tax return, the Franchise Tax Board shall revise the form of the return to include a space labeled the “Municipal Shelter Spay-Neuter Fund” to allow for the designation permitted. The form shall also include in the instructions information that the contribution may be in the amount of one dollar (\$1) or more and that the contribution shall be used to provide low cost or free spay-neuter services associated with a municipal shelter in California.

(f) A deduction shall be allowed under Article 6 (commencing with Section 17201) of Chapter 3 of Part 10 for any contribution made pursuant to subdivision (a).

18755.1. There is hereby established in the State Treasury the Municipal Shelter Spay-Neuter Fund to receive contributions made pursuant to Section 18755. The Franchise Tax Board shall notify the Controller of both the amount of money paid by taxpayers in excess of their tax liability and the amount of refund money that taxpayers have designated pursuant to Section 18755 to be transferred to the Municipal Shelter Spay-Neuter Fund. The Controller shall transfer from the Personal Income Tax Fund to the Municipal Shelter Spay-Neuter Fund an amount not in excess of the sum of the amounts designated by individuals pursuant to Section 18755 for payment into that fund.

18755.2. (a) All money transferred to the Municipal Shelter Spay-Neuter Fund, upon appropriation by the Legislature, shall be allocated as follows:

(1) To the Franchise Tax Board and the Controller for reimbursement of all costs incurred by the Franchise Tax Board and the Controller in connection with their duties under this article.

(2) (A) To the Department of Food and Agriculture for distribution of grants to eligible municipal shelters for the purposes of providing low cost or free spay-neuter services. The department may use up to 5 percent of the money allocated to municipal shelters for administrative costs incurred in connection with the Municipal Shelter Spay-Neuter Fund.

(B) For the purposes of this article, “eligible municipal shelter” means a city or county animal control agency or shelter that is current on its reporting requirements to the State Department of Public Health, Veterinary Public Health Section, and offers spay and neuter services for dogs and cats owned by individual members of the public. *The State Department of Public Health shall, upon the written request of the Department of Food and Agriculture, make available information regarding whether a city or county animal control agency or shelter is current on its reporting requirements pursuant to this subparagraph.*

(b) (1) Grants distributed pursuant to this article shall be made available for the purposes of providing spay and neuter services and programs for dogs and cats owned by individual members of the public.

(2) No grant shall be made, and no grant funds shall be used, to spay or neuter any animal that is impounded by an eligible municipal shelter. If the Department of Food and Agriculture determines that an eligible municipal shelter has misused its grant funds, that shelter shall no longer be eligible for grants distributed pursuant to this article.

(c) The Department of Food and Agriculture shall do all of the following with respect to the distribution of grants:

(1) Accept applications for grants from eligible municipal shelters.

(2) Process and approve, or reject all applications on a first-come-first-served basis, in the following manner:

(A) Eligible municipal shelters processing fewer than 5,000 dogs and cats each year shall receive up to seven thousand five hundred dollars (\$7,500), if funds are available.

(B) Eligible municipal shelters processing between 5,000 and 25,000 dogs and cats each year shall receive up to fifteen thousand dollars (\$15,000), if funds are available.

(C) Eligible municipal shelters processing more than 25,000 dogs and cats shall receive up to twenty-two thousand five hundred dollars (\$22,500), if funds are available.

(3) Make applications available to eligible municipal shelters on the first day of the second calendar year after the Municipal Shelter Spay-Neuter Fund first appears on the tax return.

(d) In order to be eligible for grants authorized by this article, eligible municipal shelters shall file an application with the

1 Department of Food and Agriculture, in the form and manner as  
2 specified by the Department of Food and Agriculture.

3 (e) Any grants distributed under this article create an additional  
4 funding source for spay and neuter services and programs for  
5 eligible municipal shelters and shall be used to supplement, not  
6 supplant, other funding sources for these services and programs.

7 18755.3. (a) Except as otherwise provided in subdivision (b),  
8 this article shall remain in effect only until January 1 of the fifth  
9 taxable year following the first appearance of the Municipal Shelter  
10 Spay-Neuter Fund on the tax return, and as of that date is repealed,  
11 unless a later enacted statute, that is enacted before the applicable  
12 date, deletes or extends that date.

13 (b) (1) By September 1 of the second calendar year and by  
14 September 1 of each subsequent calendar year that the Municipal  
15 Shelter Spay-Neuter Fund appears on the tax return, the Franchise  
16 Tax Board shall do all of the following:

17 (A) Determine the minimum contribution amount required to  
18 be received during the next calendar year for the fund to appear  
19 on the tax return for the taxable year that includes that next calendar  
20 year.

21 (B) Provide written notification to the Department of Food and  
22 Agriculture of the amount determined in subparagraph (A).

23 (C) Determine whether the amount of contributions estimated  
24 to be received during the calendar year will equal or exceed the  
25 minimum contribution amount determined by the Franchise Tax  
26 Board for the calendar year pursuant to subparagraph (A). The  
27 Franchise Tax Board shall estimate the amount of contributions  
28 to be received by using the actual amounts received and an estimate  
29 of the contributions that will be received by the end of that calendar  
30 year.

31 (2) If the Franchise Tax Board determines that the amount of  
32 the contributions estimated to be received during a calendar year  
33 will not at least equal the minimum contribution amount for the  
34 calendar year, this article is repealed with respect to taxable years  
35 beginning on or after January 1 of that calendar year.

36 (3) For purposes of this section, the minimum contribution  
37 amount for a calendar year means two hundred fifty thousand  
38 dollars (\$250,000) for the second calendar year after the first  
39 appearance of the Municipal Shelter Spay-Neuter Fund on the

1 personal income tax return or the adjusted minimum contribution  
2 amount adjusted pursuant to subdivision (c).

3 (c) For each calendar year, beginning with the third calendar  
4 year after the first appearance of the Municipal Shelter Spay-Neuter  
5 Fund on the tax return, the Franchise Tax Board shall adjust, on  
6 or before September 1 of that calendar year, the minimum  
7 estimated contribution amount specified in subdivision (b) as  
8 follows:

9 (1) The minimum estimated contribution amount for the calendar  
10 year shall be an amount equal to the product of the minimum  
11 estimated contribution amount for the prior September 1, multiplied  
12 by the inflation factor adjustment as specified in paragraph (2) of  
13 subdivision (h) of Section 17041, rounded off to the nearest dollar.

14 (2) The inflation factor adjustment used for the calendar year  
15 shall be based on the figures for the percentage change in the  
16 California Consumer Price Index received on or before August 1  
17 of the calendar year pursuant to paragraph (1) of subdivision (h)  
18 of Section 17041.

19 (d) Notwithstanding the repeal of this article, any contribution  
20 amounts designated pursuant to this article prior to its repeal shall  
21 continue to be transferred and disbursed in accordance with this  
22 article as in effect immediately prior to that repeal.